

### **3.2 Senator S.C. Ferguson of the Minister for Treasury and Resources regarding the transfer of £13 million from the Currency Fund to the States of Jersey Development Company Limited:**

Would the Minister advise whether £13 million has been transferred from the currency fund to the States of Jersey Development Company Limited and, if so, why was this considered necessary?

#### **Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

I can advise that there has not yet been an investment of the Currency Fund with the S.o.J.D.C. (States of Jersey Development Company). A decision for the currency fund to offer an infrastructure investment to S.o.J.D.C. has, however, been approved on 30th October and, effectively, this will fund 50 per cent of the replacement car park with it being repaid, if and when Building 1 at the Esplanade Square is pre-let and it is built. This is part of an overall strategy to improve the investment returns to the Currency Fund. In the past, the Currency Fund has been held in cash and has generated bank interest of less than 1 per cent. Clearly, it makes financial sense to improve that investment return by making investments with a body wholly-owned by the States at a more advantageous interest rate. An investment agreement will be signed by both parties should the proposed investment go ahead.

#### **3.2.1 Senator S.C. Ferguson:**

Given that the Minister has previously stated that no States monies will be involved with the Esplanade project, why are the funds being lent?

#### **Senator P.F.C. Ozouf:**

I specifically said that there is no involvement in the construction of any of the commercial buildings. This relates to the States-owned car park in relation to the replacement car park which will be rebuilt underneath any proposed commercial development, and it will be repaid if and when that first building goes ahead and that building will only go ahead if and when there is a pre-let agreement. This is effectively the States lending for a States car park, nothing in relation to the commercial activities which may or may not happen above it.

#### **3.2.2 Deputy J.H. Young of St. Brelade:**

Could the Minister for Treasury and Resources just clarify that this car park for which this £13 million is going to be invested is entirely for public use and, if so, where is the other 50 per cent of the funding going to come from?

#### **Senator P.F.C. Ozouf:**

I can confirm that the other 50 per cent is going to come from S.o.J.D.C.'s borrowing themselves. I think the Deputy asked about the investment rate, that is going to be 3.5 per cent to 4 per cent. I am afraid I did not get the other question; if I did not answer it, sorry.

#### **Deputy J.H. Young:**

The first part of the question was: could he confirm that this car park, for which the £13 million is being borrowed and presumably another £13 million, is going to be for entirely public use and not for private use of the occupants of the new buildings?

#### **Senator P.F.C. Ozouf:**

I apologise. No, it is absolutely just for the public car parking facility which is, effectively, a planning obligation; the S.o.J.D.C. have to replace that car park. The other £13 million will be borrowed by S.o.J.D.C. themselves. This purely relates to the public car park and the replacement of the 520 spaces.

### **3.2.3 Deputy M.R. Higgins:**

Perhaps the Minister for Treasury and Resources can just refresh Members' memories as to the size of the Currency Fund. Secondly, if he can tell us what money has been paid out of it to date and to whom, and also what other requests he has had for it that that are currently in the pipeline?

### **Senator P.F.C. Ozouf:**

Yes. The Currency Fund at this time of year goes up to about £100 million, it never falls below about £80 million. The only other loan that has been made, or investment that has been made to the Currency Fund has been for the Constable of Trinity for the houses that are being built by the church which, I am assured, has been the subject of an agreement between the Parish of Trinity and the Treasury. I understand that, such as we would expect with the success of that project, the Parish is repaying that earlier and quicker than expected. I know that the States of Jersey has a double A plus rating, but I think the Treasury regards the Constable of Trinity as having a triple A rating **[Laughter]** so we were more than happy with that. The only other potential issue for the Currency Fund is the Liquid Waste Strategy, which may or may not be approved by this Assembly next year.

### **3.2.4 Deputy M.R. Higgins:**

The Minister for Treasury and Resources Department was explaining to us about Trinity ... I might add, by the way, I was surprised that we did not get a triple A rating. So much for Trinity getting a triple A; I am surprised the States of Jersey did not. However, could you tell us how much was lent to Trinity, please?

### **Senator P.F.C. Ozouf:**

From memory, it was £6 million.

### **3.2.5 Deputy J.A. Martin:**

I am not sure if the Minister has answered the question. He said that £13 million would be released when a tenant was found for the commercial building, block of offices, but that all the car parking that they were planning would be for public use. Is it not correct that all the car parking under commercial buildings will not be allowed for public parking? We were told this by the S.o.J.D.C. at our last presentation at the Pomme d'Or Hotel. Is he confusing the 2 issues?

### **Senator P.F.C. Ozouf:**

Let me be absolutely clear: the development above the car park will only go ahead in the event of a pre-let, so if there is no pre-let there is no construction on the site. The pre-let building sits above what will be, effectively, the new public car park below, which S.o.J.D.C. has to repay. Effectively, the States owns 520 public car parking spaces and, as a result of the planning obligation, 520 public car parking spaces have to be recreated and it has to be repaid by S.o.J.D.C. So that is just the start of, potentially, the returns. We get a better public car park with 520 spaces. The Deputy is right that there are other car parking spaces associated with the commercial development, but that is nothing to do with this arrangement. This is simply the replacement of the 520 public car parking spaces in the event that the commercial development goes ahead. I hope that is helpful.

### **3.2.6 Senator S.C. Ferguson:**

Would the Minister kindly circulate a summary of the movements on the Currency Fund since 31st December 2012, including all the proposed movements over the next 5 years?

**Senator P.F.C. Ozouf:**

I will do that and I will also show just how beneficial it is that the Treasurer and the Treasury Advisory Panel have been in ensuring that we get decent returns from the cash that sits in various different accounts for the States of Jersey. Having 1 per cent on money that is not going to be called in quickly is not sensible and this, I hope, will show not only that the credit-rating of anything that has had an investment is a good issue; I will set out the future ones but also show how beneficial it is overall, because any additional money we get, of course, goes to central revenues.